

**MINUTES OF THE REGULAR MEETING OF THE
WASHINGTON STATE TRANSPORTATION COMMISSION
December 19 & 20, 2001**

The regular meeting of the Washington State Transportation Commission was called to order at 9:00 a.m., on December, 2001, in Room 1D2 of the Transportation Building in Olympia, Washington.

Commissioners present were: Chris Marr, Ed Barnes, Aubrey Davis, Elmira Forner, George Kargianis, A. Michèle Maher and Connie Niva.

APPROVAL OF MINUTES

It was moved by Commissioner Barnes, and seconded by Commissioner Niva, to approve the minutes of the October 30, November 5, and November 14 and 15, 2001 Commission meetings. Commissioners Forner, Davis and Marr requested corrections to the minutes. The motion was approved unanimously, with the understanding that the corrections would be made.

OFFICE OF THE SECRETARY REPORTS

Secretary MacDonald reported that candidates for the Director of the Aviation Division were being interviewed and that he would consult with the commissioners prior to making the final selection. He also reported that he is working with the finalist for the Director of Washington State Ferries, and hopes for a decision by the end of December.

Don Nelson, Director, Engineering and Environmental Services Division, introduced Harold Peterfeso as the new State Design Engineer.

Secretary MacDonald reported regarding his presentation to the Legislative Transportation Committee (LTC), which invited him to provide a quarterly report on the activities and plans of the Department. He reviewed the information materials provided, and commented on the fact that all of the information is available to the public, by contacting the Secretary's Office at 360-705-7054 or visiting the Department's Internet site at www.wsdot.wa.gov. In response to the materials in a folder provided to the LTC, Commissioner Forner commented that the tax base used for transportation investments is very narrow, and requested information from the Financial Planning Office regarding the taxes generated from transportation related activities and what share goes to the General Fund compared to the transportation accounts.

Commissioner Davis commented on Secretary MacDonald's presentation at the Eastside Transportation Program meeting, stating that Secretary MacDonald was able to make the point that the investments that all of the transportation interests agree need to be made make up a substantial amount of work, and that the state needs to pursue those

investments rather than delay decisions while debating the projects over which people disagree. Commissioner Kargianis asked whether it is clear to the public that even the tax proposal offered by the Governor will not pay for all of the major corridor projects that are being constructed, designed or planned. Secretary MacDonald responded by stating the public needs to understand that point, but that it is important for the Department to wisely use whatever revenue is made available, to show that the Department can deliver projects. The proposed revenue increase would be a down payment on a long-term investment.

Secretary MacDonald shared an article from the Seattle Post-Intelligencer, which mentioned the new Internet site and the project description and reporting pages. He also reported that he discussed the possibility of a performance review with the Association of Washington Business. He is also meeting with the Department of Ecology to resolve issues around its storm water regulations.

In response to a question from Commissioner Marr, John Conrad, Assistant Secretary for Engineering and Regional Operations, reported that the maintenance budget is being expended as expected, even with the variable weather patterns.

TEA 21 REAUTHORIZATION POLICY DISCUSSION

Paula Hammond, Chief of Staff, stated that the discussion would begin with a briefing by Peter Downey, Financial Policy Manager, regarding the recent passage by Congress of the Federal Fiscal Year 2002 budget for transportation. Mr. Downey described the funding provided for each of the major programs under both the Federal Highway Administration and the Federal Transit Administration. Commissioner Forner asked why, given the extensive list of earmarked projects, State Route 97 was not designated for improvements to respond to the increased freight movement caused by the North American Free Trade Agreement. Ms. Hammond responded that the project lists were developed by individual jurisdictions or coalitions submitting their proposed improvements, while the Department did not participate in the process. It was possible that SR 97 was not submitted by any of the jurisdictions or groups. She stated that it is the intention of the Department, in response to a request from the congressional delegation, to work during the coming year with all of the jurisdictions and interests to submit a single, statewide list of proposed projects for federal consideration for FFY03.

Ms. Hammond referred to a briefing paper prepared by Mr. Downey, which itemized and described a variety of issues being considered by the Department in anticipation of the development of reauthorization legislation at the federal level. She outlined the process being used to develop a state position on TEA 21 reauthorization, which includes a steering committee that represents the various governmental interests in the state. She discussed a few ancillary issues, which while not directly related to reauthorization, significantly impact the Department at this time. She indicated that Amtrak has not met the December 2, 2001 deadline for achieving self-sufficiency. Given

the increased attention on the need to preserve and enhance passenger rail travel as an alternative to air travel, Congress is considering legislation that would provide continued funding for Amtrak and invest more in the capital facilities. Commissioner Kargianis suggested the Commission adopt a resolution of support for the continuation and improvement of Amtrak. Commissioner Davis agreed, suggesting that the resolution should stress federal responsibility for capital investment. Commissioner Maher added that Amtrak should be kept as a national program, rather than regionalized as some interests have suggested.

Ms. Hammond then reviewed with the Commission the six highest priority reauthorization issues. The Department proposes for discussion that the Highway Trust fund revenue must be increased through indexing the federal gas tax to inflation and taking necessary steps to preserve the existing tax base. Commissioner Marr commented that if the federal gas tax is indexed, the states should be required to also index their gas tax in order to receive a share of the increased federal revenue. Commissioner Maher added that the new federal program should recognize the eventual widespread use of alternative fuels, rather than limiting its policy to gas tax. Ms. Hammond continued, stating that the International Freight Mobility and Borders Program needs higher levels of dedicated funding possibly through a new formula program or by broadening the existing Border/Corridor program. The commissioners discussed the need to focus on strategic corridors in applying for federal funds under the border/corridor program. Commissioner Barnes commented that the federal government should accept responsibility for retrofitting the highways that face increased use as a result of the North American Free Trade Agreement. Ms. Hammond responded that the border/corridor program was intended to accomplish that. Ms. Hammond completed her review of the Department's positions, which included the statement that urban highway congestion needs to be addressed through the best mix of solutions for urban corridors, rather than being held to a rigid national standard. Continued investment in Intelligent Transportation Systems (ITS) is needed to fulfill the promise of the best possible highway system operations, which means the federal government needs to increase its funding for Washington's program, and a number of targeted improvements to the federal ITS program should be made. Ferry Boat discretionary earmarks for the Washington State Ferry system should be expanded. Ms. Hammond stated that the Department believes that surface transportation security should be assessed and funded through a separate new program, through the Defense appropriation or a new appropriation for Homeland Security – not from the Transportation Appropriation.

Mr. Downey briefed the Commission regarding a number of reauthorization issues the Department believes are more technical in nature or simply reflect a position of encouraging continuation of an existing program. He then reviewed several issues regarding which the Department has not been able to come to a position. The Department is considering whether to propose changes in the federal tax law treatment of Commute Trip Reduction tax benefits to encourage more CTR programs. The Department is also considering whether to propose changes in the formula used to

distribute funding for small transit systems to include use of service levels, not just total population and population density. Also being discussed is whether to propose the elimination of federal match requirements. Mr. Downey concluded his briefing by stating the Department is also considering whether to propose a new Environmental Retrofit and Enhancement discretionary program.

Ms. Hammond informed the Commission that the committee of stakeholders would probably hold four meetings, with the intention of being finished by June. She asked the commissioners to send any further comments or thoughts they may have regarding the potential positions to Ms. Hammond and Mr. Downey.

APPROVAL OF WSF REQUEST TO FILE CR 101 NOTICE OF INTENT TO ADOPT TARIFF SCHEDULE

Commissioner Marr explained to the Commission that the request to file the Code Reviser form 101 is intended only to announce to the public the intention of the Commission to consider changes to the ferry fares, and does not commit the Commission to a specific proposal. He reminded the commissioners that the rules hearing would be held on April 4, 2002, in Seattle.

Terry McCarthy, Acting Director, Washington State Ferries, reminded the Commission that the ferry fares were increased effective June 3, 2001, and at the same time the Commission adjusted the relative fares between routes in order to improve fare equity between routes. The Commission at that time requested the Tariff Policy Committee develop a proposal for another round of fare increases, equity adjustments and policy changes. The Tariff Policy Committee has developed a recommendation, which Washington State Ferries is now working through into a specific proposed fare schedule. Mr. McCarthy requested approval of the CR 101, with the understanding that a specific proposal would be brought forward at the January 2002 meeting for discussion and possible publication for comment.

It was moved by Commissioner Barnes, and seconded by Commissioner Davis, to approve the issuance of a CR 101, notifying the public of the Commission's consideration of possible rule changes regarding the ferry fares. The motion passed unanimously.

UNPROGRAMMED PROJECT APPROVAL DELEGATION TO THE SECRETARY

Greg Selstead, Program Delivery Manager, explained to the Commission that the Department was seeking approval for the Secretary to approve all unprogrammed projects. Currently, the Commission reserves the authority to approve projects that meet certain thresholds. Mr. Selstead pointed out that the Department has an excellent track record of being in compliance with Commission programming policy, and proposed that it would improve efficiency for both Department and Commission operations to

have the Secretary or his designee approve the unprogrammed projects. Commissioner Davis requested more detail on how the Department would report its actions to the Commission. Commissioner Niva pointed out that while the Department had received approval of all unprogrammed project requests, it was not without frequent conversations about the details and consideration of whether the project warranted the approval. Commissioner Kargianis stated that he would want reporting on the more significant projects that were approved by the Department.

Mr. Selstead reviewed with the Commission the proposed reporting mechanisms. The Department will report to the Commission at both the program and project level, through the Measures, Markers and Mileposts Report (the Gray Book) and the Capital Improvement and Preservation Program delivery report. The Department will also report at the project level for projects costing over \$1 billion, as well as other high cost or high visibility projects. High cost projects would be defined as projects costing over \$100 million, while cost changes of over \$10 million would also be reported. Mr. Selstead pointed out that the Department's improved change-tracking systems would also report changes in the cost of the portions of projects not yet funded, so that the Commission would be able to anticipate the future cost of the projects. Mr. Selstead reviewed with the Commission the Department's change-management mechanisms, which includes a senior executive Screening Board, with thresholds for reporting and receiving approval of changes.

Commissioner Maher commented that the delegation of the approval authority for unprogrammed projects was an issue of trust and accountability. She stated that there had been positive changes in the Department management, but she would still want benchmarks inserted into the process to judge whether there is an actual improvement in the tracking and management of projects. Commissioner Forner expressed concern that funding not be shifted between projects at the jeopardy of the designated projects being built. Commissioner Barnes suggested that the Department should report monthly, and also should provide to the Commission the name of the executive who will actually be approving the unprogrammed projects. John Conrad, Assistant Secretary for Engineering and Regional Operations, responded that either himself or John Okamoto, Assistant Secretary for Northwest Washington, would approve projects. Commissioner Davis commented that the Commission should approve the request, but should focus attention on the reporting system and on program delivery.

It was moved by Commissioner Niva, and seconded by Commissioner Maher, to approve Resolution Number 625, approving the delegation of the authority to approve unprogrammed projects to the Secretary or his designee. The motion was passed unanimously.

Commissioner Marr requested that the Commission continue to be provided copies of the project Screening Board reports, which state the details of the project, cost change or scope change being approved.

BURLINGTON NORTHERN/SANTA FE RAILROAD'S BUSINESS PLANS AS THEY RELATE TO WASHINGTON STATE

Marty Manasco, General Director of Public/Private Partnerships, described Burlington Northern/Santa Fe's (BNSF) investment and operations in Washington State, which includes 3,598 employees receiving a payroll of \$168.7 million, 1,726 miles of rail lines, which produce 4495.3 million a year in revenue. He reported that the line carried 536,143 carloads originating in Washington last year, and 675,343 carloads terminating in Washington. The BNSF has rail yards in twelve cities, three intermodal hubs, and three maintenance shops. He reported that BNSF connects with 17 shortline railroad companies, serving 40,000 carloads per year. BNSF invests approximately \$50 million each year in its Washington rail facilities. Mr. Manasco pointed out that while the company has invested \$12.5 billion nationwide since the merger of the Burlington Northern and Santa Fe railroads, the return on investment has been declining since 1996. Despite continual cost cutting, the railroads have found continued investment and operations to be expensive. One approach to addressing this has been to seek out partnerships with the public sector where appropriate. He pointed out some key areas of opportunity for investments with the public sector that would prove beneficial to both. Those investments include: highway crossing improvements, closures and separations; multi-modal and NAFTA trade corridor development; commuter rail and inter-city passenger rail corridor projects; air quality improvement projects designed to reduce private automobile and truck congestion; and relocation of freight services out of congested urban cores. Mr. Manasco commented that Washington State and the railroad are already engaged in or considering public/private partnerships, in the FAST Corridor project, the Bridging The Valley project, the Geiger Spur, expansion of the Seattle Intermodal Facility, and upgrading rail capacity along the I-5 corridor.

D. J. Mitchell, Associate Vice President of Passenger Services, described the partnership between Burlington Northern/Santa Fe, the Department, and Amtrak, in the Seattle to Portland rail line, which has spanned the decade from 1991 to 2001. The choice of strategic investments has put the goal of 13 round trips a day, lasting two and a half hours each, within reach. He described the efforts of the company in making it possible for trains to move more quickly through the US-Canadian border, which will improve the time and frequency of passenger service between Seattle and Vancouver BC. Mr. Mitchell also commented on the work of the Department towards improving the I-405 corridor. He stated that BNSF supports the corridor improvements being considered, and would be open to having the project include improvements of the rail line through the corridor. Mr. Mitchell congratulated the Department on its work in creating the Fruit Express service, which has been a technical success and has potential for building a market. He stated that the BNSF is interested in entering the fruit shipment market. Mr. Mitchell also commented on the Department's work in the area of short haul intermodal services. It is a growing market, but short haul trips are hard to finance. The company is interested in sharing capital expenses with the Department, to provide the investment in

rail lines necessary to make short haul service financially feasible. Mr. Mitchell concluded his presentation by commenting on the Sound Transit program, stating that the program has had its successes but continues to face challenges in meeting its goals. He pointed out that Sound Transit is within its budget for the south line of the commuter service. He stated that BNSF's goal in the investment partnership is to preserve its freight capacity through the Sound Transit service area, and would continue to work with Joni Earl, Director of Sound Transit.

Commissioner Niva asked whether there were any new issues regarding Sound Transit's north line commuter service. Mr. Mitchell responded that after extensive modeling, the company decided that it would be able to invest enough in the south line to improve its capacity; that is not necessarily so for the north line, which has geographic constraints that are still being evaluated. That assessment has only recently been developed in detail, though BNSF had already stated its requirement that freight rail capacity be preserved throughout the corridor.

Commissioner Barnes stated that he met the President of Burlington Northern/Santa Fe, Matthew Rose, at the American Association of Highway and Transportation Officials convention in Texas, and was very impressed with him. Commissioner Barnes stated his hope that the rail lines through the Chehalis area and the Kalama area would be improved, and that the company and the Department would be able to work with the Bi-State Partnership to develop additional crossings over the Columbia River.

Commissioner Maher asked what the Burlington Northern/Santa Fe's strategy was for ensuring the survival of the shortline railroads. Mr. Manasco responded that the company works with shortlines to make them financially sound when establishing the original investment agreements. Commissioner Maher asked whether the Geiger Line would still be operated. Mr. Manasco responded that the company would not just cut off service, but rather would work on both short-term and long-term plans to keep the service going. He stated that the company was meeting with the Palouse River and Coulee City Railroad regarding the line. Commissioner Maher asked whether the company has a five-year plan for its branch lines. Mr. Manasco responded that Burlington Northern/Santa Fe engages in an on-going evaluation of its business, and is currently working on next year's investment plan. He commented that there would probably not be any closure of Washington based branch lines next year. Commissioner Maher commented that BNSF appeared ready to compete with the Amtrak-based Fruit Express. She asked whether the company's customer service approach would enable it to provide the service needed. Mr. Mitchell responded that BNSF would not offer three-day trips, but rather would offer five-day trips to fill that market niche. He stated that BNSF established a guaranteed delivery program, and established a track record of being able to meet thousands of commitments, with only five to ten instances where the service was not delivered as promised.

Mr. Mitchell described the Burlington Northern/Santa Fe Railway's interest in the King Street Station. He pointed out that a series of decisions have been made in the past several months by a variety of jurisdictions that have limited the company's choices, if rail capacity is going to be preserved. He expressed his optimism that solutions could be arrived at if everyone continued to work together. He pointed out that the stakeholders involved in the project had a very productive meeting the day before.

Mr. Okamoto commented on the I-405 project mentioned earlier, stating that the study considered rail capacity in the corridor, but decided that it was not needed at the present time. Nevertheless, the study committee recommended that the rail corridor be preserved for future possible use.

Mr. Mitchell responded to a question from Commissioner Davis, stating that the rail line in the corridor would require too much investment to upgrade it for freight purposes. Commissioner Maher asked what would have to be done to take containers off the ships and move them directly to Eastern Washington intermodal yards, to avoid the congestion of the urban corridors. Mr. Mitchell responded that the volume is currently sufficient that trains can move directly from the docks to Chicago. Mr. Manasco commented that the company is examining, however, how to move rail operations out of the urban areas. Commissioner Davis asked whether there was a need for a Cascades Foothills corridor. Mr. Mitchell responded that BNSF is open to working with the Department to examine that question.

Returning to the discussion regarding the King Street Station, Mr. Okamoto stated that he would be stepping in to take a stronger role in the project, and introduced Ron Sheck, who will be assisting him. Mr. Sheck is the Northwest Region's intercity rail coordinator, and has an extensive background in rail station rehabilitation.

FREIGHT MOBILITY IMPLEMENTATION PLAN BRIEFING

John Doyle, Director of Freight Strategy and Policy, briefed the Commission regarding the new Office of Freight Strategy and Policy. He described the growing volume of freight movement and the need for additional investment. The Office of Freight Strategy and Policy will provide leadership for freight issues and serve as a principal point of contact for those issues. The Office will also participate in planning and budgeting efforts to make sure that freight capacity needs are addressed. Mr. Doyle then described the purpose and components of a freight implementation plan, which he will be developing during the next few months in concert with others in the Department, to provide information for the Commission to use during the budget development process.

Commissioner Forner asked how corridors such as SR 97, which are border crossings but not designated as NAFTA corridors, can be treated in a manner consistent with other crossings. Mr. Doyle indicated he would look into the issue, but expected that more attention would be paid to the northern border than previously, which would help

the situation. Commissioner Barnes asked if Mr. Doyle would be working to increase legislative support for the freight program, to which Mr. Doyle responded that he would. Commissioner Davis indicated he was glad that Mr. Doyle was appointed to the position, and that there would be increased attention to the freight issue.

At Secretary MacDonald's invitation, Karen Schmidt, Director for the Freight Mobility Strategic Investment Board, joined Mr. Doyle at the table. She stated that she was delighted to be working with Mr. Doyle, and commented that his position would help increase the emphasis on freight. She commented that the Department is the largest mover of freight, and that having the coordinated focus would help make the best statewide program. Secretary MacDonald noted that there is a clear data gap surrounding freight policy, and that Mr. Doyle and Ms. Schmidt would be working on improving the data for policy decisions. Ms. Schmidt stated that the Freight Mobility Strategic Investment Board has a benchmark committee that is working on performance measures. The Department and the Washington State Patrol will be involved in the data collection.

URBAN CORRIDOR REPORTS

Dave Dye, Urban Corridors Administrator explained that the agenda item was part of an ongoing series of reports on the urban corridor projects. He provided an overview of the agenda, and indicated he would discuss the system level initiatives being pursued to make sure all of the corridor projects could be delivered. The other presenters would then provide progress reports on specific projects. Mr. Dye then reported briefly on projects not on the agenda. The Alaskan Way Viaduct project is proceeding on schedule, and has the support of the new mayor of Seattle. The Department is developing contingency plans regarding the Tacoma Narrows Bridge to be prepared for whatever direction is provided by the Legislature regarding the project. The Department is also proceeding on the environmental work for SR 167 and I-90 Snoqualmie Pass, although the budget for the I-90 Snoqualmie Pass EIS is \$500,000 short of what is needed. Mr. Dye then discussed the status of the projects in the current law budget and the Governor's new law budget proposal. Mr. Dye discussed the steps the Urban Corridors Office is taking to build expertise in delivering major corridor projects, and also coordinating the planning processes for the various projects. The Office is also working on organizing itself and coordinating with the consultant community, using the best practices from around the country. Right of way processes, environmental processes, and utilities location/relocation are key focus areas. The Office is also examining design-build techniques, learning from the pilot project in the Southwest Region. Mr. Dye indicated the Office is coordinating closely with Attorney General's Office to avoid legal problems.

Mike Cummings, Environmental and Systems Director, provided an overview of the Urban Corridor Office's strategies in meeting the environmental goals of the program. He pointed out that the fact that the Department is working on a number of inter-locking major corridors at the same time creates opportunities for positive environmental

investments that address the most critical needs. The Department is able to look at the entire basin at once. He used the I-405 project as an example, discussing the storm-water run-off program for the project. The I-405/SR 167 Interchange is one of the environmental streamlining pilot projects under the new legislation.

Jerry Alb, Environmental Services Director, discussed how the permit streamlining legislation passed during the 2001 legislative session would impact the projects. He reviewed the purpose of the act, which is to improve the permitting process and create efficiencies while meeting the environmental goals of the state. He described past pilot projects that would provide useful lessons to be used in the urban corridors projects. He pointed out that the urban corridors being developed at this time are part of a “mega watershed”. He commented that the urban corridors are supporting the movement towards smart growth and the reduction of sprawl, which will preserve habitat. Mr. Alb discussed the data collection and analysis efforts of the Department and how that data and information could be used to develop and coordinate mitigation dollars and plan to avoid or mitigate impacts.

Renee Montgelas, Public Transportation and Rail Administrator, reported on the progress Sound Transit and the Department are making on the Region Express Bus projects. Sound Transit is investing \$520 million in the Department’s high occupancy vehicle system, through 14 direct access projects. The Department and Sound Transit are cooperating on the design and construction of the projects. The program is to be completed by 2006. Four of the HOV direct access projects will be either under construction or on ad by July 2002. Ms. Montgelas briefly described each of the projects and the challenges being faced in design.

Craig Stone, Urban Corridors Project Director, briefly shared the direction the I-405 project is taking, and discussed the efforts being made to prepare for project delivery. The I-405 corridor project will support the Growth Management Plan for the area, and will support the environmental enhancements needed. Mr. Stone described the study area and the preferred alternative selected by the Executive Committee with the endorsement of the other project committees. He pointed out that SR 167 is a key component of the I-405 corridor, because a large percentage of I-405 traffic originates from the SR 167 corridor. The Department is now examining the best way to deliver the design and construction of the improvements, including segmenting the corridor into manageable elements.

Mr. Stone also reported on the progress of the SR 509 project, which is the furthest developed of the urban corridor projects. SR 509 is a vital freight and commuter route, tied to both the marine port and the airport for the Port of Seattle. He described the route, and pointed out that SR 509 is a reliever route for I-5, and with the improvements being planned, could do even more to balance commuter travel along the north-south corridors. The project is coordinating closely with the Port of Seattle to make sure the connections to the port facilities work well. He also noted that the City of

Kent would be investing in 228th Street, to tie into SR 509, providing for east-west travel. He discussed the funding available in the current law budget and proposed for the new law budget, and possible bonding mechanisms. The project has been developing a financing plan. Mr. Stone also discussed the design-build approach that is being contemplated for the project. He provided an artist's rendition of the preferred alternative to provide a clearer view of how the freeway will operate. The project will open up a very large area to industry, but will also safeguard the environment and make improvements. The improvements are expected to reduce travel time through the corridor on I-5 by fifteen minutes.

Maureen Sullivan, Urban Project Director, briefed the Commission regarding the current progress on the Trans-Lake Washington project. She described the project area and the need for the improvements being considered. The alternatives are being considered at this point, with additional research being performed to clarify issues and options. She discussed examples of the issues being considered, including right of way, environmental impact and engineering concerns.

Mr. Dye closed the presentation by commenting that the staff is excited to be working on the projects, and is coordinating closely with the communities and the consultant and contractor industries to make sure the projects are designed and delivered successfully.

PUBLIC AND LEGISLATOR COMMENT PERIOD

Meta Heller, representing Common Ground USA, expressed her opposition to Governor Locke's budget proposal, because it does not have the proper mix of revenues. She stated that there is too much politics in transportation, and that the Commission should be in charge of transportation, not the Governor.

COMMISSIONER REPORTS

Commissioner Barnes reported that he attended the American Association of State Highway and Transportation Officials annual conference in Texas. He reported on the content of the sessions, including the Boards and Commissions Committee, which discussed the need for transportation investment to support the economy. He also stated that AASHTO is putting on a class regarding the federal bond program known as GARVEE bonds, and suggested that a commissioner attend the class. Commissioner Barnes stated that he also participated in the Thurston Regional Planning Council's discussion of the Washington Transportation Plan, and participated in the I-5 Partnership meeting held in Portland, Oregon, which finalized recommendations regarding plans for Columbia River crossings. He reported that the Columbia River Channel deepening project would have a major agreement soon on the environmental issues, so that the project may go forward. Commissioner Barnes advised the Commission that the traffic data from the monitoring of the HOV lanes in Vancouver indicates it may be appropriate to reduce the hours the lanes are dedicated to HOV use.

Commissioner Forner reported that she participated in both the Peninsula Regional Transportation Planning Organization meeting and the Yakima Valley Council of Governments meeting regarding the Washington Transportation Plan. She pointed out that the board members did not appear to have copies of the plan in advance of the meeting, and expressed her concern that members should have an opportunity to read the document before being asked to comment on it. Commissioner Marr commented that he experienced the same issue at the meetings he participated in. Commissioner Forner also reported that she attended the Asphalt Paving Association meeting, during which the issue of warranties for paving projects was raised. She asked that the Department brief the Commission at a future meeting regarding the issue. She commented further that she was very proud of Secretary MacDonald as he distributed awards during the meeting; because of the excellent impression he left on the participants. Commissioner Forner closed her report by stating that she also participated in the latest of the SR 97 Inland Corridor Project meetings.

Commissioner Davis reported that he would be attending the Puget Sound Regional Council meeting on January 10, 2002, to discuss the Washington Transportation Plan. He also reported on his meetings with the communities affected by the Trans-Lake Washington Study.

Commissioner Maher reported that she participated in the Benton Franklin Regional Council meeting and the QuadCo Regional Transportation Planning Organization meeting regarding the Washington Transportation Plan. She commented that the board members reviewed the plan at both meetings, and were also encouraged to send comments in as individuals. She reported that she also participated in an American Society of Engineers conference, in which Don Whitehouse, South Central Region Administrator, was a speaker. She commented that his presentation was an effective mix of the standard Department presentation and specific regional examples. She also advised the Commission that the Benton Franklin Regional Council expressed its disappointment to her that the Commission did not schedule time on the agenda for its representatives to address the Commission regarding the environmental permit requirements. She pointed out that the area is facing an economic crisis, and the environmental permit process is creating a significant amount of frustration.

Commissioner Niva reported that she participated in the first meeting of the stakeholder group developing policy positions for Washington State regarding the reauthorization of TEA 21.

Commissioner Marr reported that he has been making presentations around the state to small communities and business groups regarding the need for transportation investment. He advised the Commission that the Association of Washington Business and the Washington Business Roundtable will be making editorial board visits, and suggested that Commissioner Forner and Commissioner Maher arrange to meet with Don

Brunell of the AWB and Phil Bussey of the Washington Business Roundtable prior to those visits. Commissioner Marr also reported that he, Commissioner Kargianis and Commissioner Niva met with Mr. Okamoto and Mr. Dye, and also worked with Chris Rose, Commission Administrator, on administrative issues and the December agenda. He also met with Jerry Lenzi, Eastern Region Administrator.

WSDOT 2003-05 BUDGET AND CAPITAL PROGRAM PROPOSAL

DISCUSSION

Bill Ford, Budget Chief, briefed the Commission regarding the Governor's proposed 2002 Supplemental Budget. He explained the Governor's proposed budget reflects several revenue adjustments, including the \$100 million General Fund revenue shortfall. The net of the revenue adjustments was \$110.7 million. He explained the proposed expenditure changes in the Governor's budget, which included adjustments requested by the Commission such as funding for the Alaskan Way Viaduct and enhanced incident response, but also substantial reductions in highway improvements and preservation, and also ferry capital construction. The \$38.9 million of additional Commission request and the \$138.9 reduction by the Governor resulted in a proposed net reduction of \$110.5 million. Rick Smith, Director of Planning and Capital Program Management advised the Commission that the Department was still analyzing which projects would have to be delayed as a result of the cuts, if they are approved by the Legislature.

Mr. Ford then described the Governor's new law budget proposal. The Governor is proposing \$8.464 billion in new state revenues and \$5.100 billion in new regional revenue options. Mr. Ford reviewed the categories and amounts of expenditures proposed over the ten-year period. Mr. Smith then described the highway construction proposal, which does not include the Commission's proposed concrete repaving on I-5 or the improvement of I-405 north of I-90. He also pointed out that the draft budget bill lists 144 specific projects with their appropriations, and that the Department would have to obtain the approval of the Office of Financial Management to make any transfer of money between projects. Terry McCarthy, Acting Director, Washington State Ferries, briefed the Commission regarding the Governor's proposal regarding the ferry system, advising the Commission that the Governor's budget was in line with the Commission's proposal.

Amy Arnis, Financial Planning Manager, then explained the details of the Governor's revenue proposal. The proposal includes phased increases in the gas tax, phased sales and use tax on new and used vehicles, a gross weight surcharge for trucks, a diesel surcharge, a gross weight fee on motor homes, and proceeds from bond sales. The proposal also includes regional revenue options of vehicle registration fees, regional sales and use tax (excluding vehicles) and regional sales and use tax on vehicles. The Governor's proposal also assumes toll revenues to be determined as projects are brought on line.

Mr. Ford briefed the Commission regarding the Department's proposed budget format. The 03-05 budget would be separated into a capital budget and an operating budget. He reviewed the more detailed structure of the budgets, which will include increased visibility into the proposed expenditures. Helga Morgenstern, Assistant Secretary for Administration and Support, presented an example of the how detailed the budget would be, using Administration and Support Division data. Mr. Ford then reviewed with the Commission the proposed budget messages and policies, which will be refined and presented to the Commission in January for adoption.

Ms. Arnis provided the Commission a background briefing on transportation revenue, as a prelude to more detailed discussions during the development of the 03-05 budget proposal. She described in detail the various revenue sources and how they are distributed, and discussed the strategies for bond financing. She also oriented the Commission to the federal funding programs. She closed her presentation with a preliminary forecast of current law revenues for the 03-05 time period and the 03-09 time period.

Mr. Smith introduced Pat Morin, Priority Development and Management Engineer, and Greg Lippincott, Statewide Planning Branch Manager, indicating that they would be briefing the Commission regarding the steps of the planning process and the approach to programming projects. Mr. Morin discussed the key concepts guiding programming projects under RCW 47.05 and the programming structure used by the Department. Mr. Lippincott briefed the Commission on the structure of the Highway System Plan and how it is used in the programming process.

RESOLUTION IN SUPPORT OF AMTRAK

Commissioner Marr requested a motion regarding proposed Resolution 626, which calls for continuation of Amtrak and the national passenger rail system.

It was moved by Commissioner Davis, and seconded by Commissioner Niva, to approve Resolution 626. The motion was approved unanimously.

The Commission meeting adjourned at 10:30 a.m. on December 20, 2001.